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FISCAL IMPACT STATEMENT

LS 6195

BILL NUMBER: SB 91

NOTE PREPARED: Feb 12, 2013

BILL AMENDED: Feb 11, 2013

SUBJECT: Motorsports Investment District.

FIRST AUTHOR: Sen. Young R Michael

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that the Indiana Finance Authority (IFA) may adopt a resolution establishing a Motorsports Investment District (MID). It specifies that the Budget Committee shall review and make a recommendation to the State Budget Agency regarding a resolution establishing a MID. The bill provides that if a resolution establishing a MID is approved by the State Budget Agency, the following taxes attributable to a taxable event in the MID or earned in the MID will be allocated to the IFA:

- Sales and Use Tax.
- Individual Adjusted Gross Income (AGI) Tax.
- County Option Income Tax (COIT).
- Admissions Tax.

The bill specifies that the maximum amount of covered taxes that may be captured from the MID and allocated to the IFA in a state fiscal year may not exceed \$5 M. The bill also provides that the IFA may issue bonds for the purpose of obtaining money to pay the cost of improving, constructing, reconstructing, renovating, acquiring, or equipping structures and capital improvements within a qualified motorsports facility.

Effective Date: Upon passage.

Explanation of State Expenditures: *Department of State Revenue (DOR):* The DOR will incur additional expenses to track and deposit the appropriate tax revenue into the Professional Motorsports Development Area (PMDA) Fund. The DOR has expertise administering similar tax capture areas like Community Revitalization Enhancement Districts (CREDS), Certified Technology Parks, and Professional Sports Development Areas

(PSDAs). The DOR's current level of staff and resources should be sufficient to implement the provisions within the bill.

Indiana Finance Authority (IFA): The IFA will use the tax revenue captured within the MID to invest in capital improvements at the qualified motorsports facility. The IFA may receive distributions for only 20 years after the first allocation. In addition, the IFA has the authority to issue bonds for the purpose of covering the cost of improving, constructing, reconstructing, renovating, acquiring, or equipping structures and capital improvements within the qualified motorsports facility. The IFA's current staff and resources should be sufficient to implement the provisions of the bill.

State Budget Agency (SBA): The bill's requirements are within the agency's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

Additional Information: The bill establishes the MID as the geographic area within the Indianapolis Motor Speedway (IMS) which the bill defines as the qualified motorsports facility. The qualified motorsports facility is defined as a facility located in the town of Speedway that holds professional motorsports racing events, has a racetrack over two miles long, and hosts at least two professional motorsports racing events with admissions of at least 100,000 for each event.

Explanation of State Revenues: The bill allows the MID to capture up to \$5 M per year in Sales Tax, Individual AGI Tax, County Option Income Tax (COIT), and Entertainment Facilities Admissions Tax attributable to taxable events in the MID or earned in the MID. It is estimated that the annual revenue capture could total \$3 M to \$4 M. This estimated capture amount is based on an analysis of employment and wage payments at IMS, purses paid to participants in professional motorsports races at IMS, and assumed taxable sales at IMS during motorsports events and throughout the year.

The bill provides for the captured revenue to be allocated to the IFA for payment on capital projects at IMS (defined as the qualified motorsports facility by the bill). Since the bill is effective upon passage, revenue capture could begin as early as FY 2013. The bill requires the IFA to approve a resolution establishing the MID. The resolution must be approved by the State Budget Agency, with the recommendation of the State Budget Committee, before revenue capture can begin.

[Sales Tax collections are currently deposited in the state General Fund (99.848%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%). Individual AGI Tax collections are deposited in the state General Fund.]

Explanation of Local Expenditures: The bill requires the local political subdivision to commit significant resources to the development of the MID.

Explanation of Local Revenues: This bill allows the MID to capture COIT and Entertainment Facilities Admissions Tax attributable to taxable events in the MID or earned in the MID. (See *Explanation of State Revenues* for discussion of revenue capture estimate.) Currently, the Admissions Tax is not imposed in Speedway.

State Agencies Affected: DOR; IFA; SBA; State Budget Committee.

Local Agencies Affected: Marion County; local units that receive Sales Tax revenue.

Information Sources: LSA Unemployment Payroll Reporting (ES202) Database.

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